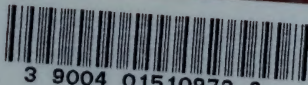


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*The* EDITH *and* LORNE PIERCE  
COLLECTION *of* CANADIANA



*Queen's University at Kingston*





*Round Table*  
March, 1913.

## POLICY AND SEA POWER

TWO main developments have, during the last few years, marked the relations of Great Britain and the British Empire to the outside world, first, the growing pressure of foreign nations upon the structure of that Empire, and, secondly, and directly caused thereby, the rapid growth in the naval organization of the Dominions. The growth of naval forces in general, and of the German fleet in particular, is subjecting England to a strain which she has not felt since the Napoleonic era, and this at a time of profound international unrest. England has lately been more than once in imminent danger of war, and over controversies in which it may have seemed that the Empire had but the slightest of direct interests. It is this external pressure and danger, coupled in the case of Australia with the fear of China and Japan, that has brought to a head the question of what aid the Dominions should give in the common task of defending the Empire, and what form that aid should take. And this question, once raised, is already in turn bringing another even greater problem on to the stage. For as a direct result the Dominions are already claiming to influence, if not to share in, the control of British foreign policy.

How such control is to be exercised, and whether machinery of government can be devised which will satisfy both the United Kingdom and the Dominions, is the great question of the future. The present article will not attempt to answer it. But it is an opportune moment to state the problem, drawing in broad lines the principles of British foreign policy and of Imperial defence, the difficulties,



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constitutional and strategic, raised by the co-operation of the Dominions, and the present necessity for a clearer mutual understanding between the Admiralty and the Dominion Governments.

### I

**I**T is often supposed by the man in the street, not only in Great Britain but still more in the Dominions, that it is quite unnecessary for a country situated as is Great Britain to have a definite foreign policy at all. He imagines that the British Government can avoid trouble by the simple process of keeping out of "the vortex of militarism" and minding its own affairs. All diplomatists, he thinks, are playing a game of bluff and making difficulties where no difficulties really exist; he believes that diplomacy is suited only to obsolete aristocratic governments and to the outworn ideas of the eighteenth century, and that such puerilities should be discarded by democracy. He may, sometimes, be right about diplomatists, but he is certainly wrong about diplomacy. If Great Britain were an island in the centre of the Atlantic Ocean with no possessions abutting on those of any other great powers she might manage without a foreign policy. But England is the centre of the largest Empire in the world, and she faces the coasts of Germany and France. How can she ignore these neighbouring nations when an alliance of the German and French fleets would reduce her to the extremest peril? The Western Canadian who thinks that the era of war is over, and who believes in international relations being settled rather by some sort of intangible moral influence than by the influence of guns and rifles, might alter his mood if Vancouver Island were occupied by sixty millions of Japanese with an army of two millions of men and with the second most powerful navy in the world; and the Australian who recommends England

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to keep her freedom and independence by avoiding all entangling alliances in Europe might hesitate to apply his opinions to Australia, were China and Japan as near the shores of Australia as are Germany and France to the shores of Great Britain. Great Britain is, and must always remain, a part of Europe, and so long as in Europe are to be found almost all the most powerful, the most highly organized, and best armed nations in the world, so long will Great Britain, if she is to defend herself and the Empire successfully, be compelled to adopt a definite policy towards them.

A national policy has both its active and its passive sides. On the one hand it may be employed for the achievement of definite national aims, which may include the acquisition of territory, the promotion of trade, or the possession of such power or strategic position as will enable the nation in question to exercise a dominant voice in the solution of the international problems which concern it. On the other hand, it may aim simply at protecting national interests and national existence against the actions of foreign powers over whose policy it has no control. If a nation is expanding and discontented with its lot in the world, its policy is likely to be active and aggressive. If it wishes merely to keep what it has got, its policy will be passive and defensive. In the latter case foreign policy will be determined as much, if not more, by the action of independent foreign powers than by any deliberate design on the part of the national government.

British foreign policy has, as a matter of fact, during the last hundred years been almost wholly defensive. Owing chiefly to the fact that the Imperial Government is responsible for the welfare, safety and progress of about one-quarter of the human race, it has abandoned any idea of expansion; and its policy has been determined far more by the intentions of its neighbours than by any deliberate objective of its own. The elementary principles of British foreign policy are, indeed, easy to lay down. They are simple because Great Britain is an island, the Empire a maritime Empire, and its lines of communication all by sea. It is naval supremacy



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which is the fundamental condition of British existence and governs all British relations with foreign powers. We want nothing in the world except to keep and develop what we already possess. Now British sea supremacy depends partly on the strength of the British fleet, and partly on the British Government being able by means of its policy to prevent any overwhelming combination of sea power against it. In other words, it depends very largely on maintaining as equal a balance as possible between the great powers in Europe. For four hundred years to maintain that balance has been the traditional policy of Great Britain. Bishop Stubbs, one of the greatest of English historians, wrote:

The balance of power, however defined, that is, whatever the powers between which it is necessary to maintain an equilibrium such that the weaker should not be crushed by the stronger, is the principle which gives unity to the plot of modern European history. It is the foremost idea of the three centuries, 1500 to 1800. Whatever the drama, this is the key to the plot.

Great Britain is a small island and depends for security on her position in the narrow seas. She has at all costs to prevent such an accumulation of strength in the hands of any single continental power or group of powers as would enable it to concentrate superior naval strength against her, and thereby bridge the seas. In the past Philip II of Spain, Louis XIV of France and Napoleon have successively threatened Great Britain's island position, and have successively failed. In all great crises Great Britain has inevitably been led to pursue the same policy. Being an island, she tries to maintain herself as free as possible from European alliances and she throws her weight on that side which will, as far as possible, maintain the European equilibrium. Exactly the same necessity confronts Great Britain to-day, and in conditions which menace her even more seriously than before, for not only have her responsibilities throughout the world immensely increased since the days of Napoleon, but she is herself more vulnerable than before. She is more



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dependent on the outside world for her raw materials and supplies, and the growth of invention and particularly of rapid transport facilities has laid her more easily open to invasion.

The method which Great Britain has chosen during the last few years in the European sphere in pursuance of her policy of maintaining the balance of power has been to range herself on the side of France and Russia in the Triple Entente against Germany, Austria and Italy united in the Triple Alliance. The policy of the Triple Entente has, in the main, been forced upon her as a result of the formation of the German Union of 1870, and the effects which it produced both on the German peoples and their neighbours. It was Bismarck's object, after the exhaustion of the wars of 1864, 1866 and 1870, to keep Germany at peace in order that she might repair the material losses she had incurred and build up her national industries and strength. Standing alone, Germany was in a very weak position. On all sides she was surrounded by enemies. To have maintained armies on all her frontiers would have entailed an almost intolerable burden. Yet she could not effect any permanent reconciliation either with Russia or with France. Bismarck accordingly turned to Austria, and in 1879 contracted an Austro-German Alliance, the main object of which was to guarantee the security of their common frontier without cost to either, and to create a nucleus of force in central Europe which would be capable of resisting a combined attack from Russia and France. Partly in order to secure Austria against war with Italy, partly in order to divert a certain portion of the French troops to the Italian frontier, Italy was, in 1883, included in the Alliance. The chief reason which impelled each power to enter the Alliance was the desire for security and peace, and though there were other motives, e.g. Italian indignation against France for the annexation of Tunis in 1881, the Triple Alliance has endured because it has given its members security, partly as against one another and partly in combination against outside enemies.

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So long as Bismarck was in power it provoked little hostility from the rest of Europe. But after his fall in 1890 the extraordinary increase in German prosperity and strength and the accession to power of a restless expansionist party, headed by the young Emperor, brought a change. No longer satisfied with the position of chief military power in Europe, Germany, with natural ambition, aspired to become a world power, and as a first stage to this end began to create a navy. The story of this phase of German policy is familiar. It begins with the German Emperor's telegram to President Kruger, continues with the rejection of Sir Henry Campbell-Bannerman's overtures for disarmament at the Hague Conference of 1907, and ends at present with the passage of the 1912 Navy Bill. German aspirations were greatly facilitated on the one hand by the declining vigour of France, owing, first, to the relative decrease in her population, and, further, to internal dissensions, notably the Dreyfus case, which destroyed *morale* in the army, and the anti-clerical propaganda, and, on the other hand, by the defeat of Russia in the Far East. But already by 1904, before the Russian defeat, opinion both in France and England had become profoundly stirred by the development of German armaments and ambitions, and in the cause of mutual defence a *rapprochement* between the two took place. Three or four years later the Anglo-Russian Convention, dealing with Tibet, Afghanistan and Persia, was concluded, and the Triple Entente came into being.

The Triple Entente is an understanding and not an alliance. Between France and Russia there is, of course, a definite alliance, the terms of which are secret. But, so far as England is concerned, her written obligations are contained in the respective agreements with France and Russia, both of which are public. There are no secret engagements. That has been stated categorically by Sir Edward Grey. But, while Great Britain's obligations are undefined, none the less they exist. Foreign policy does not rest wholly upon written engagements. It is well understood that in the balance of



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power Great Britain stands on the side of France and Russia, and that, so long as those powers pursue neither a provocative nor an aggressive policy, she will aid them in any diplomatic struggle which may arise.

The motives for the Triple Entente are identical with the motives which brought about and have maintained the Triple Alliance. In the first place its object is to protect the parties to it against the possibility of successful attack by their neighbours. For this purpose it is necessary for them, in combination, to have a preponderance of power for defence, if not for offence. European peace depends on the maintenance of a balance of power in the sense of the existence of two groups of such equal strength that attack by either on the other involves a serious risk of defeat. From time to time this balance of power has been maintained on the continent of Europe itself, and England has been able to stand on one side in the happy position of being able to throw her fleet and army as a decisive factor into the balance in times of crisis. Unfortunately, as Sir Edward Grey has pointed out, this age is not one for splendid isolation. Owing to the defeat of Russia in 1905, the decline of France and the immense growth in the German navy, England, in the last few years, has found it necessary to step down into the arena in order that a balance may be maintained at all.

If England had remained wholly aloof, France might well have had either to adopt an attitude of neutrality towards German designs and leave England to meet the whole strength of the Triple Alliance in the North Sea and the Mediterranean, or else come to terms with Germany and become an active supporter of her policy in return for a share of the spoils. The effect of the Anglo-French understanding is well shown by contrasting the position of France in 1905, when an ultimatum from Berlin forced the resignation of M. Delcassé, the French Foreign Minister, as a guarantee that she would change her policy in Morocco, and her position in 1911, when, after an act of equal aggression at Agadir, Germany was forced to withdraw and suffer

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a diplomatic defeat, because she was not ready or strong enough to face certain war with Russia, France and England, if she persisted in her demands.

But the cause of the Entente is not simply the necessity to the British Empire of the maintenance of the balance of power. There is a second and scarcely less important reason. Just as Germany, Austria and Italy have combined in the Triple Alliance in order to save themselves from having to resist diplomatic pressure from one another and to avoid having to make immense military and naval preparations against one another, so a potent argument for the Triple Entente has been that the diplomatic friendship it has entailed with France and Russia has enabled the British Government to settle amicably long-standing disputes with both, and to refrain from preparing to defend British interests against attack, where they touch French and Russian interests. The first fruits of the *rapprochement* between France and England, caused by the common fear of Germany, was the settlement of the long-continued, acrimonious and dangerous disputes between the two countries in North Africa. France gave England a free hand in Egypt and the Sudan; England agreed to give France a free hand in Morocco. Fashoda incidents immediately became impossible, and frontiers were amicably delimited which had previously given rise to bitter disputes. Similarly the first fruits of the *rapprochement* with Russia were the agreements of 1907, which relieved Great Britain of her anxiety about a Russian advance in Tibet, Afghanistan and Persia. For internal reasons the Persian agreement has not fulfilled expectations. The incompetence of the Persians and the chaos which has ensued since the establishment of what is called the constitutional régime, have compelled continuous interference in Persian affairs both by the Russians and the British. Nobody disputes that this interference would have been equally necessary whether Russia and England had been united in an entente or had been suspicious enemies, as they were at the end of last century. But the fact that they



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were in agreement has prevented the Persian question from being a source not only of grave international anxiety, but of immense expense to the United Kingdom and to India. So far as Russia is concerned, the British Empire has not had to station a man or spend a sovereign in Persia to defend British interests. If the day comes when Russia and England are no longer friends, nothing save diplomatic pressure or the dispatch of large naval and military forces to the neighbourhood of the Persian Gulf can prevent the former from moving her frontier further south. Moreover, our agreement with Russia has the additional benefit of enabling us to exercise a great deal of restraint upon Russia in the Far East in her relations with China and Japan. Agreements of this nature may not be wholly satisfactory, but at least they free us from an immense additional burden for defence at a time when British resources are strained to the utmost to meet the situation in the North Sea.

The foregoing analysis will serve to show that the basis of British foreign policy in the European theatre is an understanding with Russia and France, designed primarily to protect the British Empire against any immediate attack from the central European powers or against such developments of the European situation as would enable those powers in future to dominate France and consequently bring irresistible pressure to bear upon Great Britain; and, secondarily, to save Great Britain from the expensive and dangerous consequences of the hostility of France in Africa and the hostility of Russia in the Middle and Far East. There are obvious objections to this policy. It brings with it undefined liabilities, which in a crisis may become exceedingly heavy. But no alternative has yet been put forward. The balance of power in Europe, it is true, may shift and may necessitate an alteration in British policy. But until the whole world is very different from what it is now, that will merely mean that England will have to shift her weight from one side of the balance to the other. Just as the expansion of Germany has in the last few years brought with it

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a great change in British policy, so it is conceivable that a great growth in Russian power might some day in the future bring another change. The only alternative to such European understandings is to create an Imperial navy and an Imperial army sufficient to enable us to protect by force all our frontiers and to meet any possible combination of powers both on land and sea.

But Europe, although vastly the most important, is not the only sphere in which England needs to have a foreign policy. By her European policy she essays to safeguard her own shores, her Atlantic and Mediterranean trade routes and her passage to India through the Straits of Gibraltar and the Suez Canal. She must in addition have a Pacific policy for the protection of her immense trade interests there and, much more important still, for the security of Australia and New Zealand as well as India and the Malay States; she must prevent the rise of any naval power in the Indian Ocean or the Persian Gulf; she must hold the great naval base at the Cape; and finally she must maintain friendly relations with the American States, both north and south.

There is no reason to suppose that this last task need be a difficult one, or that England and the American powers need come into conflict. If the remaining spheres are examined it will be seen that the prevention of any foreign fleet from appearing in the Indian Ocean depends upon the success of England's policy in Europe and the Far East. If the Triple Alliance were to hold the Mediterranean, Russia the Persian Gulf, or Japan Singapore, then the position of England in India would be immensely more precarious. Her European policy is aimed at preventing the two former developments, while the object of her Far Eastern policy is to prevent any such development as the latter, or more broadly stated, to maintain the *status quo*.

There is only one naval power in the Far East besides Great Britain, and that is Japan. There are, therefore, two alternatives before her. She may either enter into an alliance with Japan which will guarantee that that power



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does not act contrary to her interests, or she may maintain such a naval force in Far Eastern waters as will enable her to prevent Japan by compulsion from acting contrary to British interests, supposing at any time she might be tempted to do so. Fortunately the interests of Great Britain and Japan in the Far East more or less coincide. Both powers are anxious for unrestricted trade and both are anxious to maintain the integrity of China. Further, Japan is financially weak and is still almost in a state of convalescence after war. She has her hands full with her own problems and with Korea and Manchuria and is equally anxious that things should remain as they are. An understanding with England secures this end for both countries. In England's case no doubt freedom from any alliance would be the ideal state, but the necessity which she has been under to reduce largely her naval strength in the Far East owing to the pressure of Germany in European waters has put that alternative out of the question. There are disadvantages, it is true, in the Japanese Alliance, just as there are in the Entente, but in the main one may say that it secures Great Britain's position in that part of the world without entailing any great obligations on her part. Since, therefore, the alliance is of mutual value, the present treaty will probably continue to exist, unless Dominion naval strength in the Pacific, coupled with that of Great Britain, is strong enough to free the Empire from any necessity for an alliance at all.

British policy rests, therefore, in the main on the Triple Entente and the Japanese Alliance. It is obvious that in certain circumstances her obligations might involve her in war. If any crisis occurs, such as the Moroccan crisis of 1911 or the Balkan crisis of the present moment, there is no doubt that the French and Russian Governments will inquire of the British Government as to what is its attitude and what help they may expect in the case of conflict. There is no doubt, too, that in such circumstances Great Britain must reply, and must reply in a fairly definite manner, as to the help which she can give, whether on sea or land. If she

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were to become involved the whole power of her fleet would obviously be required in the North Sea, until the decisive engagement had taken place. It is probable in addition that in her own interests she might have to provide as large an expeditionary army as possible, available for service wherever required. This, however, is not the place to discuss what obligations of this nature would be entailed or the adequacy or inadequacy of British preparations for a first-class European war. What is certain is that the European position will compel England to keep both the navy and the expeditionary army in the European sphere, and that in present circumstances there would be few or no spare forces which could be sent to distant portions of the Empire. These facts seriously weaken Imperial policy outside the European area.

Indeed, notwithstanding the entente and the Japanese alliance we need not disguise from ourselves that Great Britain is to-day in a far less favourable position than she was fifteen years ago. In the first place her relative strength is far smaller. To-day Great Britain has built, or is building, thirty-six first-class battleships. There are built, or are building, for other powers ninety-two first-class battleships. In 1895 the position was very different. Great Britain possessed sixty-two first-class battleships and foreign powers one hundred and twenty-three. That is to say, that whereas in 1895 the British fleet was one-half the combined fleets of the rest of the world, to-day it is equal to not much more than one-third. In the second place, necessity has compelled Great Britain to throw the weight of her strength more definitely into the European balance. To revert to the policy of splendid isolation would, in Sir Edward Grey's words,

deprive us of the possibility of having a friend in Europe, and it would result in the other nations of Europe, either by choice or by necessity, being brought into the orbit of a single diplomacy from which we should be excluded. . . . One result would be that in the course of a few years we should be building warships not against a



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two-power standard but probably against the united navies of Europe.

Lastly, the strength of Great Britain outside Europe has seriously declined. She cannot afford to make difficulties which may involve a display of force because the British fleet is of necessity tied to the North Sea.

### II

THESE being the conditions of British foreign policy, what part should the Dominions play in the defence of the Empire and in the determination of that policy? Hitherto no certain answer has been found to that question. The history of the relations between the Dominions and the United Kingdom with regard to defence since the first Colonial Conference of 1887 shows, indeed, a steady development towards co-operation,\* but gives no definite clue as to the ultimate direction it will take. No final reconciliation has yet been found between the claims of Empire and the claims of national autonomy. In earlier days it was looked upon as axiomatic that, though the Dominions might and even ought to make some contribution, the defence of the Empire and its parts must rest wholly in the hands of the British Government. That stage has, in the case of most of the Dominions, been left behind, because it is becoming more and more inconsistent with the growing claims of colonial nationalism. It has been replaced by a policy of co-operation, though as yet neither the Dominions, as a whole, nor the British Admiralty are clear as to the form their naval aid should take; whether it should be in the direction of creating local navies or of placing their ships with the British fleet.

The relative merits of these alternatives are discussed

\* THE ROUND TABLE, September, 1911. "The Empire and the Conference."

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briefly in a later section of this article. What is significant to note here is that, so soon as the Dominions, or some of them, ceased to be contributors and became partners, they were driven, as the Imperial Conference of 1911 showed, to demand a fuller knowledge of, if not some share in, Imperial foreign policy. Although, therefore, there are manifestly the greatest difficulties in any division of authority over policy, from which, as experience will show, defence cannot be dissociated, here, too, old ideas are breaking down and demands inconsistent with the existing organization of the Empire are being made. Is the same road to be followed in the case of foreign policy as in that of defence? Is a Dominion which has a local navy of its own to have a foreign policy of its own too? And in that case will the Empire remain an Empire at all except in form? Even if an Empire can have several fleets more or less independent of each other, can it have several foreign policies? These questions are already coming to the fore, and sooner or later they will have to be answered. If it is admitted that in the long run there must be one foreign policy only, then the only alternative to undivided control by the British Government is common control by all the self-governing parts of the Empire. Moreover, a single foreign policy, for which all parts of the Empire are responsible, means the equal acceptance by all its citizens of responsibility for its results and, before they accept such a responsibility, the peoples of the Dominions have a long way to travel. Consider the marked difference now in the outlook of a citizen of the United Kingdom as compared with a Canadian, an Australian or a South African. An Englishman knows that if any part of the Empire is attacked, whether it is Canada, or Australia, or South Africa, or India, or Egypt, or West Africa, or the Malay Peninsula, or anywhere else, there is no choice before him. He must defend every part of the Empire; he cannot limit his obligations. He would aid Canadians or Australians or South Africans or New Zealanders to defend themselves against external foes, till he



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had spent his last drop of blood and his last penny. And while the rest of the Empire—that is, what are called the Dependencies—stands on a different footing, it would be only after defeat that he would consent to abandon any part of it. A Canadian or an Australian, on the other hand, feeling that he has no say whatever in policy, does not see why he should be dragged into quarrels for which he has no responsibility. He feels sure that in any crisis he would come to the aid of Great Britain; but there might, he thinks, be all sorts of wars within the Empire, with which he would feel no concern. At present, therefore, he stands for limited liability, whereas the Englishman's liability is unlimited. But it will not be until all the white citizens of the Empire share equally in the responsibility for its maintenance, that they will be equally entitled to the control over its foreign policy. Doubtless it was the perception of this that led Sir Wilfrid Laurier invariably to decline any invitation to share in the determination of policy. Belonging to an earlier period the main impulse which actuated him was to avoid responsibility. But Canada has become a nation and every nation from the very conditions of its being must be responsible, either solely or in partnership with other nations, for its own destiny. Though the perception of this truth may still be dim, the choice before Canada and all the other Dominions is not that between responsibility and irresponsibility, but between responsibility without the Empire, as an independent nation, and responsibility within the Empire shared jointly with the other nations comprising it.

With every development of the naval forces of the Dominions, it will indeed become clearer that there is no escape from liability for the policy which directs the fortunes of the British Empire and its component parts. The very possession of a navy carries with it the status of nationhood. "Navies," as Admiral Mahan has said, "are instruments of international relations." "Their constitution and numbers must reflect a national policy." No sooner had Australia, New Zealand and Canada initiated

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a naval programme than they were forced in the Imperial Conference of 1911 to discuss the question of foreign policy and to begin to share in the responsibility for it. The connection, as Mahan pointed out, between foreign relations and the general question of Imperial defence by navy and army could scarcely have been more signally illustrated. No sooner had the Dominions asserted their right to determine the measures which they were going to take for their own defence and the defence of the Empire than they were brought up against the fact that the preparations which they ought to make depended mainly on the foreign situation and the foreign policy of the Imperial Government, a matter over which they had no control and which they admitted must be in the hands of a single authority.

There is then an inherent instability in the present situation, and for two reasons. In the first place each Dominion will find that it cannot properly determine its measures for defence, whether naval or military, without a clear knowledge of and some control over the policy which these measures are intended to safeguard and support. And in the second place there is no instance yet, and there is hardly likely to be one in the future, of an Anglo-Saxon community, which has arrived at national self-consciousness, being content to allow the control of its destinies to rest wholly and permanently in other hands. Both these reasons will impel the Dominions to demand greater powers over their external relations than they have at present, and it is worth while, therefore, to dwell at some length upon them. For unless some reasonable solution can be found by which joint control over policy is secured, the final end, disastrous to Imperial unity, can only be that each nation will go its own way.

Take the case of Canada first. Canada is now seeking for a "permanent naval policy." In other words, her Government has to decide what shall be the size and nature of her fleet, where her ships shall be stationed and who shall control them. Upon what considerations



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must these decisions rest? Clearly upon the general policy of the British Empire and upon the policy of Canada within it. The problem before Canada, as before the other Dominions, is both general and specific. Her aim, in Mr Borden's words, must be "to increase the effective naval forces of the Empire, to safeguard our shores and our seaborne commerce and to make secure the common heritage of all who owe allegiance to the King." To obtain these ends she must be clear as to what is demanded from her both in the general interests of the Empire and in her own particular interests. It is equally as important to Great Britain, and to the rest of the Empire as it is to Canada, that the problem of Canada's defence should combine these two ends. What are the elements of that problem? Like the United States, Canada faces both the Atlantic and the Pacific oceans, the two greatest oceans of the world. She is already vitally interested in the balance of sea-power in both of them. If Great Britain lost the control of the Atlantic, Canada's destiny would be profoundly affected. In the control of the Pacific is involved her future relations to China and Japan. Moreover, to the south of Canada lie the United States. Canada's naval policy cannot finally be determined without reference to her relations with that country. These relations in return are determined by the relations between the United States and Great Britain. Moreover, Canada's policy must have reference also to "the rapid expansion of Canadian seaborne trade and the immense value of Canadian cargoes always afloat in British and Canadian bottoms."

On the basis of the figures supplied by the Board of Trade to the Imperial Conference of 1911, the annual value of the oversea trade of the Dominion of Canada in 1909-10 was not less than £72,000,000, and the tonnage of Canadian vessels was 718,000 tons, and these proportions have already increased and are still increasing. For the whole of this trade, wherever it may be about the distant waters of the world, as well as for the maintenance of her communications both with Europe and Asia, Canada is dependent and has always

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depended upon the Imperial navy without corresponding contribution or cost.\*

Does all this mean that Canada requires a fleet on her Atlantic sea coast, and, if so, of what size? That appears to depend largely on her own and Great Britain's relations to the United States. Does she require a fleet on her Pacific coast, and, if so, of what size? That again depends partly upon her relations with the United States and partly upon her relations, and still more on those of Great Britain, with Japan, and in the future with China. It depends, in fact, on the policy of the British Empire in the Pacific, and cannot be properly determined without reference to the Japanese alliance, Australian naval policy, the naval policy of the Indian Government and the relation which all these bear to the Canadian position.

On the other hand, sound strategy may make it of more importance to Canada and the British Empire that her help should be given, at any rate at present, in the North Sea and the Mediterranean rather than on her Atlantic and Pacific coasts. In this connexion the conclusion of the Admiralty Memorandum to Canada is significant:

The Prime Minister of the Dominion having inquired in what form any immediate aid that Canada might give would be most effective, we have no hesitation in answering, after a prolonged consideration of all the circumstances, that it is desirable that such aid should include the provision of a certain number of the largest and strongest ships of war which science can build or money supply.

These ships are obviously intended to be stationed, not at Esquimaux or Halifax, but on the coasts of Great Britain. That, indeed, is the conclusion which the Canadian Government has reached. For the moment Canada's policy is to give her aid in the North Sea, and it is in the defence of that sea that the Government of Canada conceives that in present conditions her highest interests lie.

\* Admiralty Memorandum prepared for Government of Canada, December, 1912, Cd. 6513.



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In his speech in the Canadian House of Commons Mr Borden said:

If we should neglect the duty which I conceive we owe to ourselves, and if irreparable disaster should ensue, what will be our future destiny? Obviously as an independent nation or as an important part of the great neighbouring Republic. What then would be our responsibilities, and what would be the burden upon us for a protection on the high seas much less powerful and less effective than that which we enjoy to-day?

Nothing could show more clearly than these words how inextricably Canada's naval policy is interwoven with the foreign policy of Great Britain, in which she has now no share, and with the balance of sea power in Europe and elsewhere. That will be no less the case, if in future Canada's help is given on her Atlantic and Pacific coasts rather than in the North Sea. Defensive measures are simply the outcome of policy. So long as Canada remains within the British Empire her naval policy must be determined largely by the Imperial policy, which dictates the disposition of the other fleets of the Empire.

The problem before Australia—and with Australia one may bracket New Zealand—is in principle the same, though in detail different. Like Canada's, it is general and specific. The destiny of Australia depends both on the supremacy of Great Britain in the North Sea and on the success of Imperial and Australian policy in the Pacific. Australia's policy must as far as possible secure both these ends. From her geographical position, it seems that she can best do so by devoting her whole energies to secure the Empire's position in the Pacific. There appears to be a growing feeling that in the interests of Australia and New Zealand, and possibly also of Canada, the British Empire should be properly represented in the Pacific and should not depend wholly upon the Japanese alliance. It is the menace of Japan and China which has led Australia to take far more active steps for her own naval defence than Canada has hitherto done. At the same time, vigorous as are the measures

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which Australia has taken it may be doubted whether she has yet wholly appreciated the intimate relations between defence and foreign policy. She has determined—and it appears to be unlikely that she will recede from her determination—to have a local navy of her own, a fleet unit as far as possible self-dependent. But, as it will at best be many years before the Australian fleet is capable by itself of defending Australian possessions, its character and size and the method of its employment must obviously depend partly on Imperial policy. The main purpose of Australia's fleet must naturally be to defend Australia and her interests in the Pacific. It must, therefore, obviously bear a relation both to the forces likely to be encountered and to the help which Great Britain and other possible allies may give. It must to some extent be conditional, not only upon such all-important factors as the Anglo-Japanese Alliance, but also upon the strength of the British fleet in Chinese waters, upon the relations of Great Britain to the United States and the policy of the United States as regards the Far Eastern Powers, upon the policy of the Government of India as to the defence of that country and its immense interests in the East and upon the action which Canada may take in equipping a fleet to defend her Pacific interests. All these are matters which sooner or later Australian statesmen must take into account. Though circumstances have prevented the scheme from reaching its fulfilment, it is significant in this connexion to note that in 1909, when the arrangements for the creation of an Australian fleet unit were first determined upon with the Admiralty, it was laid down that “the Australian fleet unit should form part of the Eastern fleet of the Empire, to be composed of similar units of the Royal Navy, to be known as the China and the East Indies units respectively and the Australian unit.”\*

Notwithstanding the fact that these questions have never been brought prominently before the Australian public or

\* Defence Conference, 1909. Cd. 4948.



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Australian politicians, they are beginning to be canvassed in that country. As an Australian wrote recently:

We create fleets without in the faintest way arranging what policy they are intended to support. We put the control of the fleet in the hands of one Government which is not intended to deal with policy, and we put the policy in the control of another Government which has no control over the fleet. When and on what contingencies is he (i.e., the Australian Minister for Defence) going to use his armaments? What forces will they have to meet? The control of a fleet involves these questions. Are they to be dealt with by Great Britain? The policy which Britain is conducting in the Pacific finds its expression in the Japanese Alliance. It cannot be said that that altogether coincides with the policy which is the basis of our naval and military preparation. If the time is ripe for armaments in the Pacific, the time is ripe for a policy in the Pacific which takes stock of the forces available, the possible contingencies and the dispositions by which the friendly forces can be made effective. . . . I only raise the matter to suggest that there is an underlying problem which no one is facing at present.

It may be interesting, perhaps, to take a particular case in which, though it may be unlikely, it is yet conceivable that these difficulties might be brought to a head. The Democratic Party in the United States is committed by its policy to extend absolute autonomy, amounting in the opinion of some of its leaders to absolute independence, to the Philippines. Supposing that policy came to a fulfilment and chaos ensued. Would it be a vital interest of the British Empire that Japan should be prevented from occupying the Philippines and restoring order there? If the geographical position of the Philippines is studied on the map, their immense importance in relation to Singapore, and therefore to India, and to Australian and Imperial interests as a whole in the East will be apparent. Probably there is no one who has yet considered such a problem. Yet these are just the questions upon which it is necessary to have a policy. Is Australia prepared to say to the British Government that it would regard such action as a vital matter, and that it would be prepared to bear the financial responsibility for naval preparation sufficient to make the Japanese

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occupation of the Philippines impossible? These are the questions with which Australia and the other Dominions must concern themselves. These and all other questions relating to the control of the Pacific will during the period of adjustment, which is clearly not far distant, be determined by sea power.

South Africa's naval problem is different, but it is no less bound up with Imperial policy in general. South Africa, owing to her dependence on the outside world for her large import trade, owing to her possession in the Cape of Good Hope of one of the most important naval stations in the world, and owing further to her proximity to great German possessions, is equally vitally interested in the maintenance of British sea supremacy. Her policy must be based on a determination to strengthen that supremacy in whatever way she can. It may be that her best course is to strengthen the fighting line in the North Sea, or it may be that she will determine to maintain a local fleet at the Cape. What is clear is that the possession of sea supremacy by the British fleets is vital to her interests, and that her defensive policy must be based on Imperial policy.

It may be noted that, in the words of Lord Gladstone's recent speech from the throne, General Botha's Government "recognize the importance of the naval defence of South Africa and the protection of its maritime trade routes," and "have considered the question of the fuller and more effective co-operation by the Union." Before coming to any decision, "they desire further consultation with the Imperial Government."

It has already been pointed out that in addition to the fact that any Dominion, which has a navy, must have some policy of its own or a knowledge of and share in British policy, there is a second reason of a different nature which will make it imperative for self-governing nations to demand some share in the control of external affairs. There has never yet been a grown-up Anglo-Saxon community which



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has entrusted to another community a vital part of its government. In the words of Mr Borden:

If Canada and the other Dominions of the Empire are to take their part as nations of the Empire in the defence of the Empire as a whole, shall it be that we contributing to the defence of the whole Empire shall have absolutely, as citizens of this country, no voice whatever on the councils of the Empire? I do not think that such would be a tolerable condition; I do not believe that the people of Canada would for one moment submit to such a condition. Shall members of this House of Representatives, men representing 221 constituencies of the country—from the Atlantic to the Pacific—shall no one of them have the same voice with regard to those vast Imperial issues that the humblest taxpayer in the British Isles has at this moment? It does not seem to me that such a condition would make for the integrity of the Empire.

What Mr Borden says of Canada will apply equally to the other Dominions and with greater force, the bigger and stronger they grow. Control of some kind they will have. The question for the future is whether it shall be joint or several.

In an article upon "Canada and the Navy" in THE ROUND TABLE of September last it was pointed out that the stage has now been reached when the Dominions must demand and should be given some share in directing the policy of the Empire. It was recognized that any change must be small. It was urged at the same time that in the Committee of Imperial Defence we had a body which could very well be utilized for affording to the Dominion Governments some representation in Imperial Councils and some means of obtaining accurate and consistent knowledge of Imperial policy. Since then an important step in this direction has been taken by the British Government. On December 10, 1912, Mr Harcourt addressed a despatch to all the Dominions on the question of their representation on this body. The matter is sufficiently important to be referred to in some detail, and at the risk of repetition it is necessary to give some account of the nature and functions of the Committee of Imperial Defence and of its possible developments.

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Mr Harcourt points out that the matter arose out of a resolution by Sir Joseph Ward in 1911 asking that the High Commissioners of the Dominions should be summoned to the Committee of Imperial Defence when naval and military matters affecting the oversea Dominions were under consideration. The view of those present was that the presence of ministers responsible to their own colleagues and parliaments was preferable to that of the High Commissioners. The resolutions ultimately passed unanimously were:

(1) That one or more representatives, appointed by the respective Governments of the Dominions, should be invited to attend meetings of the Committee of Imperial Defence when questions of naval and military defence affecting the oversea Dominions are under consideration. (2) The proposal that a Defence Committee should be established in each Dominion is accepted in principle.

The despatch goes on to point out that soon afterwards a change took place in the Canadian Government, and that on Mr Borden's arrival in England he expressed the desire that Canadian and other Dominion ministers who might, under the above resolution, be in London as members of the Committee of Imperial Defence, should receive in confidence knowledge of the policy and proceedings of the Imperial Government in foreign and other affairs. It was pointed out to him that the Committee was a purely advisory body, and "is not and cannot under any circumstances become a body deciding on policy, which is and must remain the sole prerogative of the Cabinet subject to the support of the House of Commons." But at the same time he was assured "that any Dominion minister resident here would have at all times free and full access to the Prime Minister, the Foreign Secretary and the Colonial Secretary for information on all questions of Imperial policy." In a public speech quoted in the despatch Mr Harcourt went further. "I see no obstacle," he said, "and certainly no objection to the Governments of all the Dominions being given at once a larger share in the executive



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direction in matters of defence and in personal consultation and co-operation with individual British ministers whose duty it is to frame policy here." He ends his despatch by asking each Dominion Government whether they desire to adopt some such method as Mr Borden has already accepted, for a more continuous connexion in naval and military affairs with the Committee of Imperial Defence in the United Kingdom.

It may be interesting to compare this despatch, necessarily cautious in its terms, with Mr Borden's account of the Committee. We quote the latter in full, as with the exception of Mr Asquith's speech last year in the House of Commons, it is the only authoritative statement of the working of this new constitutional body. Speaking to the Canadian Parliament Mr Borden said:

I have alluded to the difficulty of finding an acceptable basis upon which the great Dominions co-operating with the Mother Country in defence can receive and assert an adequate voice in the control and moulding of foreign policy. We were brought closely in touch with both subjects when we met the British Ministers in the Committee of Imperial Defence. That Committee is peculiarly constituted; but, in my judgment, it is very effective. It consists of the Prime Minister of Great Britain, and such persons as he may summon to attend it. Practically all the members of the Cabinet from time to time attend its deliberations, and usually the more important members of the Cabinet are present. In addition, naval and military experts and the technical officers of the various departments concerned are in attendance. A very large portion of the work of the committee is carried on by sub-committees, which often are composed in part of persons who are not members of the general committee itself, and who are selected for their special knowledge of the subjects to be considered and reported upon. The amount of work which thus has been performed during the last five or six years in particular is astonishing, and I have no doubt that it has contributed largely to the safety of the whole Empire in time of peril.

The committee is not technically or constitutionally responsible to the House of Commons, and thus it is not supposed to concern itself with policy. As so many important members of the Cabinet are summoned to attend the committee, its conclusions are usually accepted by the Cabinet, and thus command the support of the majority of the House of Commons. While the committee does not

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control policy in any way, and could not undertake to do so, as it is not responsible to Parliament, it is necessarily and constantly obliged to consider foreign policy and foreign relations for the obvious reason that defence, and especially naval defence, is inseparably connected with such considerations.

I am assured by His Majesty's Government that, pending a final solution of the question of voice and influence, they would welcome the presence in London of a Canadian minister during the whole or a portion of each year. Such minister would be regularly summoned to all meetings of the Committee of Imperial Defence and be regarded as one of its permanent members. No important step in foreign policy would be undertaken without consultation with such representative of Canada. This means a very marked advance both from our standpoint and from that of the United Kingdom. It would give us the opportunity of consultation, and therefore influence which we have hitherto not possessed. The conclusions and declarations of Great Britain in respect of foreign relations could not fail to be strengthened by the knowledge that such consultation and co-operation with the overseas Dominions had become an accomplished fact.

It is quite true, as Mr Harcourt states, that in theory and still even in practice the Committee is a purely advisory body, and that the Cabinet, subject to the British Parliament, decides. So was the Cabinet, in fact, for many years advisory, and in strict legal theory so it is now. But there is no small likelihood, in view of the presence of so many prominent members of the Cabinet upon it, that its opinions will carry weight with the Cabinet itself, and there is an equal likelihood, owing to the same cause, that it will be easy to avoid a conflict of authority between the two bodies. It is sometimes argued in the Dominions that a single representative, say from Canada or Australia, on a purely advisory body does not constitute a representation which will possess any influence or be worthy of the importance of these growing nations. That view is, in our opinion, wholly mistaken. The influence of Canada or Australia will not be measured by their representation on the Committee of Imperial Defence, but by the value which the British Government attaches to the concurrence of those two Dominions in its policy. About that there is no doubt.



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Indeed so great is that value that the British Government sometimes almost suffers from too much fear of giving offence. It is certain that only the very gravest reasons would induce the British Cabinet ministers on the Committee to disregard the opinions of the Dominion Governments as expressed through their representatives.

The fact that the Committee would, under these proposals, be representative of all the self-governing nations of the Empire must undoubtedly give it a greatly added importance. It might appear from some expressions in Mr Harcourt's despatch that the Dominions' representatives would be merely onlookers, and be present simply to acquire knowledge on certain limited occasions, i.e. "when naval and military matters affecting the overseas Dominions were under consideration." In the first place, however, it is quite certain that from time to time the Dominions' representatives must act not as mere spectators, but must voice the opinions and decisions of their Cabinets on matters of policy and defence. And in the second place, as has been shown, all important questions of defence must, from their very nature, affect the overseas Dominions. As, therefore, all naval and military matters affect them, their representatives would, naturally, always be present. There is also an obverse side to the medal. It follows equally that the Dominions' representatives cannot confine their responsibilities simply to the discussion of their own local concerns. The strategical defence of the British Empire is a single problem, and a Canadian or Australian representative cannot leave the room, for instance, when the discussion turns upon India, or the Cape of Good Hope.

Yet, notwithstanding its great importance constitutionally, the Committee will be quite an anomalous body, an obvious makeshift. It will be an advisory body representing five Governments, but binding none of them. Its main business will be to offer advice with regard to defence to the British Government, and presumably to the Dominion Governments too. With policy as distinct from

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defence it will in theory have nothing to do. In practice, such of its views as are accepted by the representatives of the British Cabinet will almost certainly be accepted in turn by that Cabinet as a whole. In the sphere of policy the Dominions may represent their views and be consulted; but the final determination and the resultant action must still rest with the Government of Great Britain. Questions of war and peace require instant decision, secrecy and unity of purpose. The responsibility for them is not susceptible of being shared between more than one Government.

The success of the new step is, therefore, it is clear, conditional upon the continued willingness of the Dominions to exercise merely influence, and to leave all action in foreign affairs still to be taken by the British Government. This willingness is again conditional first upon their confidence in the British management of foreign policy, and, secondly, on the maintenance of that state of affairs under which the overwhelmingly greater responsibility for the cost of defence, naval and military, falls on the United Kingdom. Long before the Dominions become equal in power with Great Britain, these makeshift constitutional arrangements must come up for revision. Suppose, for instance, that the United States had not parted company from the British Empire. It is not conceivable that the foreign policy of Washington would still be under the sole control of Downing Street. Long before this some means of sharing the responsibility would have had to be, and would undoubtedly have been, evolved. So it will be in the case of the Dominions. But while we may look forward to even greater changes in the future, changes which are now quite out of our reach, the suggestions made by Mr Harcourt form a necessary and very important step upon the way, and it is to be hoped that every Dominion in one way or another may see its way to accept them. In the minds of the Australian Government there have been some signs of hesitation. Australia has with Admiralty approval started definitely and with great energy



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on the long road of building up an Australian navy. The task is one which will call for great sacrifices on the part of the Australian people and from which the Empire should in the future reap great benefits. She is absorbed in it, and she has not yet begun to inquire very gravely into the policy which must underly her preparations, or into the need of co-ordinating her efforts with those of the rest of the Empire. It is probable, however, that her bold action is already bearing its inevitable fruit and that Australian statesmen are recognizing that the Australian problem is not a local one, but a part of the much wider Pacific problem, which latter is again involved in the Imperial problem, and that common knowledge and common control is at least as essential to its proper solution as in the case of the other Dominions.

### III

IT is clear, then, that though some important steps forward are being taken, we are not yet near the time when all nations within the Empire will share equally in the control of foreign policy. Meanwhile another question is arising, which will not brook the same delay. The Dominions are building ships. These ships must be controlled by some Government. Twenty years ago it was tacitly assumed that Dominion aid would be given in the form of contributions to the British navy, and that control would rest solely with the British Government. It has long been clear that no such policy is consistent with the claims of colonial nationalism. But, though this is clear, little else is clear. The old policy is, indeed, discredited, but no new or uniform policy has taken its place. Australia is building its local fleet, which it will maintain, pay for and control; Canada will shortly be building Dreadnoughts to station in the North Sea, which will be maintained, paid for and controlled

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temporarily, at any rate, by the British Admiralty; New Zealand has built a ship, but is, it seems, in some doubt whether to station it in the North Sea or on the New Zealand coasts; South Africa has not made up her mind what to do. Lastly, whatever the difference in their policy, all the Dominions except Australia—and that exception is only partial—look, at present, to Great Britain to man their ships. Even the attitude of the Admiralty is far from clear. Strategical considerations pull it one way, political another.

It was only last May that Mr Winston Churchill, in commenting on the increasing restriction of the world-wide mobility of the British fleet, went on to emphasize the opportunity that lay before the Dominions. It seemed to him that if the main developments of the last ten years have been the concentration of the British fleet in decisive waters, the main developments of the next ten years will be the growth of effective naval forces in the great Dominions overseas. "Then we shall be able to make what I think will be found to be the true division of labour between the Mother Country and her daughter states, that we should maintain a sea-supremacy against all comers at the decisive point and that they should guard and patrol all the rest of the British Empire."

Mr Churchill's picture may, perhaps, paint truly the broad outlines of future development. But it is important to notice that he does not deal at all with the question of control. It is, further, to be noted that he has, in the instance of Canada, departed from the policy which he sketched in the above words. It has already been shown that in the memorandum addressed to Canada the Admiralty did not suggest the creation of a local fleet unit to be stationed in Canadian waters, but asked for the immediate construction of the "largest and strongest ships of war which science can build or money supply," obviously supposing that these ships should not "patrol the rest of the Empire," but be stationed in the North Sea. In these two inconsistent statements of the Admiralty are contained the



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two main alternative policies now before the Empire, and it is worth while to examine them more closely.

Mr Churchill's suggested division of labour between Great Britain and the Dominions appears to contemplate the development of several local navies, such as that now being established in Australia. What it is important to observe is that in the present stage of the Empire's development a local navy means a navy locally controlled. There was a time some ten years ago when squadrons of the British navy were stationed locally in Australia, Canada and elsewhere. But they were under the sole control of the British Admiralty and were in no sense what are now known as "local navies." If ultimately some common Imperial control is developed, there may again be local squadrons under some common authority. But, as things are, a local fleet, at any rate in time of peace, means local control. Such local fleets have their disadvantages and advantages. In the first place, several separate local fleets may obviously conflict with the principles of strategy. They will not necessarily be stationed where strategy requires them, but according to the wishes of each Government. There will be no unity of control, no cohesion between the different fleets, no common training, no common service. A small fleet affords less scope for its officers and is, therefore, less efficient. It is not absolutely certain that even in war time such local fleets will be at the service of the British Admiralty. And since they cannot be relied upon, they must count for very little in the Admiralty's calculations of strength. Lastly, in this critical period of the Empire's history, they add little to, and may even detract from, the fighting value of the Empire's fleets. For unfortunately local navies take a long time to reach any pitch of usefulness or strength. It is not a question of building ships, but of training men. A Dreadnought can be built in two years, and to build a whole fleet is simply a question of money. But it takes ten years to train an officer, seven to train a petty officer and five to train a seaman. To build up the intricate and slow-growing

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organization of a navy is thus a matter of decades rather than years. The Australian Government contemplates that the creation of its full fleet unit will take twenty-two years. Any Dominion, therefore, that starts to-day to create a local navy is compelled to apply to the British Admiralty for the loan of officers and men. In Australia, it is true, recruitment has in the circumstances been very satisfactory, and something like one-third of the 2,000 or more seamen employed or being trained are now Australians. But the officers are English, and, as an Australian writer in *The Times* recently said, "it is plain that for many years the senior officers of the Australian fleet will have to be drawn from the Royal Navy." In Canada it would probably be impossible to obtain even seamen, and her ships, if manned at all, would have to be manned from the Royal Navy. She would then be actually weakening and not strengthening the Empire's effective strength. Owing partly to the unfortunate disarmament episode of the years succeeding 1906 and the consequent slackening in recruitment, the British navy cannot spare one officer or one man. There is no difficulty about getting recruits. But they are useless without training, and they cannot be trained under five years.

Another disadvantage in local fleets is that they can in present circumstances only work within restricted areas, such as were laid down at the Imperial Conference of 1911. So long as the British Government is responsible for the foreign relations of the whole Empire, reasons of international law and diplomacy make this inevitable. It would be impossible for the British Government to be responsible, in foreign waters, for the action of fleets over which it had no control.

But while there are great disadvantages about local navies, particularly in view of the actual situation, there are great advantages too. It is difficult to see how else the interest of the Dominions in their own ships can be excited. To sign a cheque will never satisfy their patriotism. Simply to give money or ships to be controlled wholly by



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a Government which in no way represents them is odious to their self-respect. They must feel something of the pride of ownership; their ships must be manned by their own countrymen. A local navy alone satisfies their self-governing instinct. How, for instance, can the naval instinct of the New Zealand people be kept alive by a ship stationed in the North Sea and manned by Englishmen?

The plan now temporarily adopted by the Canadian Government of stationing ships in the North Sea, though it labours under some of the above difficulties, tries to meet them by obtaining for Canada representation in Imperial Councils. It remains to be seen how effective this new feature is felt to be by the Canadian people, and in what direction it will develop. If the plan is adopted by the Canadian Parliament, the Canadian ships will not only be stationed in the North Sea but will be manned and paid for by Great Britain. There is a danger, therefore, that they may be felt to be not really Canadian ships, and that they may fail to arouse any enthusiasm among Canadians for their own navy. They are not helping to build up any distinct Canadian fleet unit. There is, too, a danger that the plan of stationing Dominion ships in the North Sea may, in the long run, tend rather to relieve the British taxpayer of his burden than to add to the effective strength of the Empire. Not only will there be always the strongest temptation for the First Lord of the Admiralty to reduce his estimates for construction to a lower figure than he would otherwise have done, but he will be able legitimately to point out that it is useless to place on the British taxpayer too heavy an annual charge for maintenance and upkeep of ships in the North Sea. It is no good maintaining a larger margin of strength than is necessary. Moreover, not only has the British taxpayer to meet the cost of maintaining the Dominion ships, but Great Britain has to find their crews. And while it is very possible, therefore, that Dominion aid in the North Sea may not in the long run largely increase the Imperial naval forces in that quarter, it will obviously

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do nothing to remedy the serious position of affairs in the other seas of the world to which attention was drawn in the first part of this article.

On the other hand the plan has a very great temporary strategical advantage. Indeed, if Canada is to do anything effective at the present critical juncture, the plan is the only possible one. For the time of tension is now, and its place the North Sea. Not only would any small beginnings of a local Canadian navy be perfectly useless to Great Britain, but they could not even be started without draining the British navy of officers and men which it cannot afford. For the moment, therefore, Mr Borden's plan is the only effective one. But it does not in the least commit the Canadian people permanently. The critical situation in the North Sea may be past in a few years and Canada may find another line of development desirable.

In a question of this magnitude and complexity the evolutionary stages are bound to be gradual and it would be the greatest mistake to force the pace by attempting to impose an unnatural uniformity. But there is one step which might well be taken at once by every Dominion. Whatever part in naval defence they play, and wherever their ships are stationed, they must all without exception wish to provide their quota of efficient officers and men. To build up a properly trained service is the most important work to be carried through in the creation of a fleet and the most lengthy and difficult. Let each Dominion follow Australia's example and start a Naval College for the purpose. Then in a few years' time they would have a nucleus of trained men for their own ships if they wanted them, without drawing on Great Britain's resources.

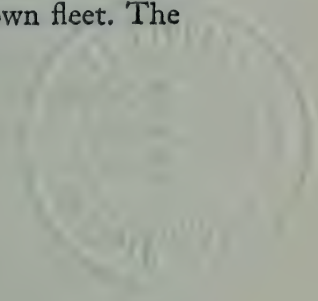
Everything points to the desirability of holding a Conference shortly on naval affairs between the responsible authorities of the Empire at which this and other matters might be raised. Australia has indeed asked for a Conference for the purpose, it may be supposed, of getting some more light on the question of future Pacific policy, a matter almost



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equally important at this juncture to New Zealand and Canada. An understanding between these three Dominions with regard to the Pacific would be a great step forward. Then, again, the South African Government are anxious to settle with the Imperial Government the lines on which they should co-operate. And lastly a conference would afford an opportunity, which all the Dominions would probably welcome, for a further elucidation of the Imperial Government's proposals with regard to the Defence Committee.

It is not to be supposed that any such conference could finally determine the path of future progress, or even perhaps take a definite decision between the two main alternative policies sketched above. But it might do much to carry Imperial naval evolution a stage further. Neither the local navy nor the temporary Canadian plan represents a final development. Each has the defects of its qualities, and in the final outcome the qualities of both must be combined. The local navy in the present conditions of Imperial organization sacrifices unity of control; on the other hand, a centralized navy in the North Sea and the Mediterranean will do nothing to nourish the growth of naval sentiment in the Dominions. Unity of control is all-important; but so is the sustained interest of each community in its own fleet. The task of the future is to harmonize the two.



# THE UNIONISTS AND THE FOOD TAXES

## I. FORECASTS: FULFILLED AND UNFULFILLED

**I**N the September number of *THE ROUND TABLE* an attempt was made to consider the extent to which the Unionist party was handicapped by the food taxes, and to estimate the effect which might be anticipated if this item were to be dropped out of the official programme. This article was written at the date of the Autumn adjournment. Mr Bonar Law had then been leader of the Opposition in the House of Commons for close on a year. The conflicting prophecies of crushing disaster and of immediate triumph which Mr Balfour's retirement had elicited from the prophets had not been fulfilled. The state of things at the end of the Session was perhaps less favourable for the Government than it had been at the beginning, but the process of deterioration had not been more rapid than was to be expected in the ordinary course of nature when a British ministry has reached the venerable antiquity of a seventh year of office.

By this time it was plain to the Opposition that the revival of their fortunes had not proceeded so rapidly as they had hoped, and all good party men were earnestly engaged in searching for the reason. Among other influences which fell much under suspicion during this inquest were the food taxes. While these were adhered to, or at least tacitly accepted, by all candidates and political

*Round Table*  
*March 1913*

## CANADA

### I. THE CANADIAN NAVAL PROPOSALS

SIX weeks ago Mr Borden, Prime Minister of Canada, submitted the naval proposals of the Government to the House of Commons. They were substantially as outlined in THE ROUND TABLE for December. As was also expected, Mr Monk, Minister of Public Works, withdrew from the cabinet before Parliament assembled. The correspondence between Mr Monk and the Prime Minister, which was made public only a few days ago, shows that the immediate ground of disagreement was over the refusal of the cabinet to submit the proposals to a plebiscite according to the demand of Quebec Nationalists during the general election. It is understood that the personal relations between Mr Monk and his colleagues were wholly satisfactory, and there is even reason to think that the French leader was impressed by the private memorandum from the Admiralty, and was more or less soundly convinced that action by Canada to strengthen the sea forces of the Empire was desirable. Mr Monk held, however, that he was irrevocably pledged to have a referendum on any naval programme, and so was bound to relieve himself of ministerial responsibility unless a referendum was granted. As Mr Borden definitely refused to consider a referendum the separation was inevitable. Owing to ill-health Mr Monk has been unable to take his seat in Parliament since the session began. Beyond his brief letter to the Prime Minister, therefore, we have had no explanation of his position. It is well understood that he has been urged by



## Canada

the extreme Nationalists to declare general hostility to the Government's programme, and it is conceivable that the naval debate has been prolonged in the hope that this pressure would be effective. As yet, however, he has kept an unbroken silence, and it is doubtful if he will be persuaded to join Mr Bourassa in any general attack upon the ministerial policy.

Briefly the Government proposes to have three super-Dreadnoughts constructed at the cost of Canada and placed under control of the Admiralty, but subject to recall if the Dominion should ever decide to establish a Canadian naval unit. The vessels will be constructed in British shipyards since, in the judgment of the Government, we could not wisely or economically build such vessels in Canada with any equipment now available or likely to be available for a considerable period. Mr Borden contended that the cost would be at least \$12,000,000 greater, or \$47,000,000, as against \$35,000,000, and that serious delay in construction must ensue, while the very urgency of the situation was ample justification of the Government's determination to have the vessels built in Great Britain. Mr Borden said:

No one is more eager than myself for the development of shipbuilding industries in Canada, but we cannot, upon any business or economic considerations, begin with the construction of Dreadnoughts, and especially we cannot do so when these ships are urgently required within two or three years at the outside for rendering aid upon which may depend the Empire's future existence. According to my conception, the effective development of shipbuilding industries in Canada must commence with small beginnings and in a businesslike way. I have discussed the subject with the Admiralty, and they thoroughly realize that it is not to the Empire's advantage that all shipbuilding facilities should be concentrated in the United Kingdom. I am assured, therefore, that the Admiralty are prepared in the early future to give orders for the construction in Canada of small cruisers, oil tank vessels, and auxiliary craft of various kinds. The plant required is relatively small as compared with that which is necessary for Dreadnought battleships, and such an undertaking will have a much more secure and permanent basis from a business standpoint. For the purpose of stimulating so important and necessary an industry

## The Canadian Naval Proposals

we have expressed our willingness to bear a portion of the increased cost for a time at least. I see no reason why all the vessels required in future for our Government service should not be built in Canada, even at some additional cost. In connexion with the development of shipbuilding I would not be surprised to see the establishment of high-class engineering works which will produce articles now imported and not at present manufactured in Canada. Therefore, although the sum which we propose to devote for necessary naval aid at this critical juncture is to be expended in Great Britain, yet we believe that this step will result, under the conditions which I have described, in the very marked development of more than one industry in Canada, and that, even from a purely economic and material standpoint, the step has much to commend it.

Mr Borden dealt at length with the relative strength of European navies, the comparative loss of ascendancy in the world's seas by Great Britain and the necessity for concentration of British naval power in the North Sea. He said the withdrawal of the British flag and the British navy from so many parts of the world for the purpose of concentration in home waters had been necessary, but unfortunate. The British navy was once dominant everywhere, and the white ensign was the token of naval supremacy in all seas. Was it not time that the former conditions should, in some measure, be restored? Upon our own coasts, both Atlantic and Pacific, powerful squadrons were maintained twelve years ago. To-day the flag was not shown on either seaboard. He was assured that the aid which the Government proposed would enable such special arrangements to be consummated that, without courting disaster at home, an effective fleet of battleships and cruisers could be established in the Pacific, and a powerful squadron could periodically visit the Canadian Atlantic seaboard and assert once more the naval strength of the Empire along these coasts. He did not forget, however, that it was the general naval supremacy of the Empire which primarily safeguarded the oversea Dominions. New Zealand's battleship was ranged in line with the other British battleships in the North Sea, because New Zealand's interests could best be guarded by protecting the very heart of the Empire.

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Mr Borden insisted that no modern nation possessing a great seaborne commerce could afford to neglect its interests upon the high seas. There was no fear that Canada would aid or abet any war-like or aggressive tendencies. The British Empire would never undertake any war of aggression, and all the influences in Canada would assuredly be arrayed against any such course; but we knew that war had come many times within the past fifty years without warning, like a thunderbolt from a clear sky, and thereby the power and the influence and the destiny of more than one nation had been profoundly affected. A naval war especially might come with startling suddenness, for these tremendous engines of war were always ready and prepared for battle. The security, indeed the very existence, of the Empire depended on sea power. When we were obliged to abdicate the seas it might even be without war, but, in fact, the overwhelming force of the Empire's arteries would no longer pulsate, the blood would cease to flow in its veins, and dissolution would be at hand.

Mr Borden doubted if Canadians realized the disparity between the naval risks of the British Empire and those of any other nation. The armies of continental Europe numbered their men by the million, not by the thousand. They were highly equipped and organized, the whole population had undergone military training, and any one of the countries was absolutely secure against invasion from Great Britain, which could not send an expeditionary force of more than one hundred and fifty thousand men at the highest estimate. Such a force would be outnumbered by twenty to one by any of the great European Powers. This Empire was not a great military power, and it had based its security in the past, as in the present, almost entirely on the strength of its navy. A crushing defeat upon the high seas would render the British Islands, or any Dominion, subject to invasion by any great military power; loss of such a decisive battle by Great Britain would practically destroy the United Kingdom, shatter the British Empire to its foundation, and change



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profoundly the destiny of its component parts. The advantages which Great Britain could gain from defeating the naval forces of any other power would be inconsequential, except in so far as the result would ensure the safety of the Empire. On the other hand, there were practically no limits to the ambitions which might be indulged in by other powers if the British navy were once destroyed or disabled. There was, therefore, grave cause for concern when once the naval supremacy of the Empire seemed to be on the point of being successfully challenged.

The Prime Minister pointed out that the naval estimates of the Argentine, whose territory, resources, population and wealth might fairly be compared with those of Canada, for the four years from 1909 to 1912 amounted to \$35,000,000, and that by far the greater portion of this amount was for naval construction. The federal and state expenditures of the United States for this period aggregated a total outlay for armaments of between \$250,000,000 and \$300,000,000, or at the rate of \$2.75 per head. An equal expenditure by Canada would mean an annual outlay of \$20,000,000 or \$25,000,000, or between \$80,000,000 and \$100,000,000 for the four-year period. Mr Borden reminded Parliament that for forty-five years, as a confederation, we had enjoyed the protection of the British navy without the expenditure of a dollar, while, so far as official estimates are available, the expenditure of Great Britain on naval and military defence for the provinces, which now constitute Canada, during the nineteenth century was not less than \$400,000,000. Even since the inception of confederation, and since Canada attained the status of a great Dominion, the amount so expended by Great Britain for the naval and military defence of Canada vastly exceeded the sum which the Government was asking Parliament to appropriate. From 1870 to 1890 the proportionate cost of the North Atlantic squadrons which guarded the Canadian coasts, was from \$125,000,000 to \$150,000,000. From 1853 to 1903 Great Britain's expenditure on military defence in Canada ran closely to \$100,000,000.

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Mr Borden discussed the difficulty of finding an acceptable basis upon which the Dominions co-operating with the Mother Country could receive and assert an adequate voice in the control and moulding of foreign policy. He explained that the Canadian ministers, while in London, were brought closely into touch with both subjects when they met British ministers in the Committee of Imperial Defence. He outlined the constitution of the committee, examined its system of working and emphasized its efficiency. The committee, he said, was not technically or constitutionally responsible to the House of Commons, and thus it was not supposed to concern itself with policy. But as so many important members of the cabinet were summoned to attend the committee, its conclusions were usually accepted by the cabinet and thus commanded the support of the majority of the House of Commons. While the committee did not control policy in any way and could not undertake to do so, as it was not responsible to Parliament, it was necessarily and constantly obliged to consider foreign policy and foreign relations, for the obvious reason that defence, and especially naval defence, was inseparably connected with such considerations.

Mr Borden explained that he had the assurance of British ministers that, pending a final solution of the question of voice and influence in foreign policy, they would be glad to have a Canadian minister in London during the whole or a portion of each year, who would be regularly summoned to all meetings of the Committee of Imperial Defence and be regarded as one of its permanent members. No important step in foreign policy would be undertaken without consultation with such representative of Canada. This meant a very marked advance both from the Canadian standpoint and from that of the United Kingdom. It would give Canada the opportunity of consultation, and therefore an influence which hitherto we had not possessed. The conclusions and declarations of Great Britain in respect of foreign relations could not fail to be strengthened by the

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knowledge that such consultation and co-operation with the oversea Dominions had become an accomplished fact. Mr Borden concluded a searching, brilliant and powerful speech as follows:

No thoughtful man can fail to realize the very complex and difficult questions that confront those who believe that we must find a basis for permanent co-operation in naval defence and that any such basis must afford the oversea Dominions an adequate voice in the moulding and control of foreign policy. It would have been idle to expect, and indeed we did not expect, to reach in the few weeks at our disposal during the past summer a final solution of that problem, which is not less interesting than difficult, which touches most closely the future destiny of the Empire, and which is fraught with even graver significance for the British Islands than for Canada. But I conceive that its solution is not impossible, and however difficult the task may be it is not the part of wisdom or statesmanship to evade it. So we invite the statesmen of Great Britain to study with us this real problem of Imperial existence. The next ten or twenty years will be pregnant with great results for this Empire, and it is of infinite importance that questions of purely domestic concern, however urgent, shall not prevent any of us from rising "to the height of this great argument." But to-day, while the clouds are heavy and we hear the booming of distant thunder and see lightning flashes above the horizon, we cannot and will not wait and deliberate until the impending storm shall have burst upon us in fury and with disaster. Almost unaided, the Motherland, not for herself alone, but for us as well, is sustaining the burden of a vital Imperial duty and confronting an overmastering necessity of national existence. Bringing the best assistance we may in the urgency of the moment we come thus to her aid in token of our determination to protect and ensure the safety and integrity of this Empire and our resolve to defend on sea as well as on land our flag, our honour, and our heritage.

It is admitted that Mr Borden has made no greater speech in the course of his public career. This is the unanimous feeling of Parliament and the common judgment of the country. Indeed, through the negotiations with British ministers, and the elaboration and presentation of the naval proposals, Mr Borden has become a far more commanding figure in Canada and throughout the Empire. His speech was as distinguished for its reserve as for its courage. He



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excited no irritation in Parliament nor roused any prejudices in the constituencies. He discharged a great duty with moderation, discretion and dignity, with a profound sense of the gravity and complexity of Imperial relations, and with adequate consciousness of the depth and breadth of Canadian national feeling. There was much enthusiasm when he closed, and a common and tumultuous expression of Imperial feeling alike among Conservatives and Liberals. As great in its way was the speech of Sir Wilfrid Laurier, while a third address of great range and power was delivered by Mr Foster in general support of the Government's proposals and in general criticism of the alternative naval policy submitted by the Opposition.

The Liberal proposals go far in advance of those adopted by the Laurier administration. This is to state a fact, not to suggest a gibe or a rebuke. Public opinion has developed. We have a sounder knowledge of the naval problem. The masses of Canada have a clearer conception of their relation to the Empire and their obligation to strengthen its power on the seas and enhance its general security. The position is easier for Conservative ministers because of what was done by the previous administration, and they are comparatively immune from a species of rancorous and unintelligent attack which fell upon Sir Wilfrid Laurier and his associates.

In office the Liberal party provided for four light cruisers and six destroyers. The proposals now advanced by Sir Wilfrid Laurier embrace two Dreadnoughts, six light cruisers, twelve destroyers and six submarines. These the Oppositionists would divide into units for the Atlantic and Pacific, and they would have all the vessels constructed in Canada, manned by Canadian seamen and maintained at the sole cost of the Canadian Treasury. Whether immediately practicable or not the policy commands respect and involves an obligation upon Canada probably in excess of that which will be entailed by the Borden programme. Naturally there are attacks upon the sincerity of the Opposition, and more

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or less effective comparison of the newer proposals with the less adequate measures of the Liberal leaders while they were in office. But much of this is the common chaff of partisan controversy, and probably does not greatly affect the country.

The Liberal leaders deny that any "emergency" exists. They contend that there is nothing in the memorandum of the Admiralty that was not disclosed during the last Imperial conference. They ignore or evade the statement of the Admiralty that:

The Prime Minister of the Dominion having inquired in what form any immediate aid that Canada could give would be most effective, we have no hesitation in answering, after a prolonged consideration of all the circumstances, that it is desirable that such aid should include the provision of a certain number of the largest and strongest ships of war which science can build or money supply.

In this connexion Sir Wilfrid Laurier said:

There is no emergency. There is no immediate danger, there is no prospective danger—no, I will not use that expression—I will not say if Britain were in danger—but simply if Britain were on trial, with one or two or more of the great powers of Europe, Mr Borden must come down and ask not \$35,000,000, but twice, three times, four times \$35,000,000. We would put at the disposal of England all the resources of Canada; there would not be a single dissenting voice!

As an expression of devotion to the Empire the speech of Sir Wilfrid Laurier was singularly eloquent, impressive and inspiring. He repudiated the Monroe Doctrine as a refuge for Canada with unexpected force and vigour and in language more direct and emphatic than Canadian statesmen generally employ. He said:

We have to take our share in the defence not only of our native shores, but of the Empire as a whole, as we can defend ourselves only by the assistance of the Mother Country. In our humble judgment the remedy is this: that wherever in the distant seas, or in the distant countries, Australia, Canada, or elsewhere, a British ship

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has been removed to allow of concentration in European waters, if it must take place, wherever such a British ship is removed, that ship should be replaced by a ship built, equipped, manned and maintained by the country concerned. If the young nations of the Empire take hold of the equipment and manning of ships to look after the distant seas, concentration can easily take place in the waters of Europe, and the British Admiralty knows what zones she has to defend. This is the Australian policy, this would be the Canadian policy, this ought to be the Canadian policy.

Sir Wilfrid Laurier insisted that a more profound impression would be made in Europe if instead of a money contribution "the nations of Europe were to see the young daughters of the Empire, the young nations scattered over the whole Empire, building fleets of their own, to use the language of the resolution of 1909: 'In co-operation with and in close relation to the Imperial navy along the lines suggested by the Admiralty at the last Imperial Conference, and in full sympathy with the view that the naval supremacy of Britain is essential to the security of commerce, the safety of the Empire and the peace of the world.' " The Liberal leader declared once and for all, for his party and for himself, that separation from Great Britain would be "a folly and a crime." But in one of his sentences there is a suggestion of the old doctrine of "colonial neutrality." He admitted that if England was at war Canada would be at war. "The thought of being neutral would be like the command of King Canute to the sea to recede from his feet. No action of ours could bring that about; when England is at war we are at war, but it does not follow that because we are at war we are actually in the conflict." He pointed out that we were not in the war with Turkey, in the war of the Crimea, in the expedition to Abyssinia or in the war in the Sudan. "Is it not a fact that our forces can go to war only by the action of this Parliament? You may give it now or any time if you choose, but no one in this country will claim that we can go to war except by the will of Parliament or by the force of circumstances." He held that it would be difficult for Canada to have an effective voice in peace or war. If we were



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to have a representative in London to confer with the Foreign Minister, Australia, New Zealand, South Africa and Newfoundland must also have such representatives in London, and he doubted if the Foreign Minister would receive much assistance from such a multiplicity of advisers. If there was disagreement would there be dictation or submission? He added:

The Crown is the great bond, it is the cement which binds together the scattered continents over the whole world. The Crown is a purely sentimental bond, but that bond, though purely sentimental, has proven itself stronger than armies and navies, and has shown itself to be equal to all occasions. I do not believe the Empire is in danger; I do not believe it can be cemented by the means suggested by my right honourable friend. I believe the relations of the different parts of the Empire to the Mother Country are not perfect or that essentially they are perfectible. You can discuss problems of improvement; there is no reason to discuss problems of existence.

The debate in Parliament has been prolonged. Not even yet have the Commons divided on Mr Borden's proposals. In the Liberal press there has been much angry writing and a manifest determination to commit the Government to a continuous system of contributions as against the ultimate organization of a national navy. In his speech, however, Mr Borden said:

In presenting our proposals it must be borne in mind that we are not undertaking or beginning a system of regular and periodical contributions. I agree with the resolution of this House in 1909 that the payment of such contributions would not be the most satisfactory solution of the question of defence. But upon the information which I have disclosed to the House the situation is, in my opinion, sufficiently grave to demand immediate action.

There is, however, a passage in the speech which excites the apprehension of extreme autonomists. The Prime Minister said:

Without intending or desiring to indulge in controversial discussion, I may be permitted to allude to British naval organization. Obviously one could not make a very complete or thorough study

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of so great an organization in a few weeks or even a few months, but during recent years, and especially during the past summer, I have had occasion to learn something of its methods, its character, and its efficiency, and I have good reason to conclude that it is undoubtedly the most thorough and effective in the world. There have been proposals, to which I shall no more than allude, that we should build up a great naval organization in Canada. In my humble opinion nothing of an effective character could be built up in this country within a quarter or, perhaps, half a century. Even then it would be but a poor and weak substitute for that splendid organization which the Empire already possesses, and which has been evolved and built up by centuries of the most searching experience and the highest endeavour. Is there really any need that we should undertake the hazardous and costly experiment of building up a naval organization especially restricted to Canada when upon just and self-respecting terms we can take such part as we desire in naval defence through the existing naval organization of the Empire, and in that way can fully and effectively avail ourselves of the men and the resources at the command of Canada?

Only Mr Borden himself has the right to interpret the deeper meaning of these sentences. But it would be rash to conclude that the Government has determined against the ultimate organization of a Canadian navy. Generally Conservative speakers in the debate have emphasized the declaration of Mr Borden that the emergency proposals are not to be understood as the beginning of a system of regular and periodical contributions. It is manifest, however, that Mr Borden is impressed by the advantages of concentration for sea defence and the necessity for common direction of the fleets of the Empire. Probably he contemplates a reorganization of the Empire, a closer co-operation between the Mother Country and the Dominions in foreign policy, and a greater fusion of the national feeling of the overseas portions of the Empire in the common Imperial sentiment. This, however, is to look into the future and to anticipate conditions which may or may not develop. The *Toronto Globe*, the most influential Liberal journal in the Dominion, denounces the emergency proposals as an exaction of "tribute" from Canada, resurrects the spectre of Downing

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Street, and sees only humiliation for the country in proposals which give vessels but withhold Canadian seamen from the service of the Empire. This is the language of the Liberal press generally, and of many Liberal speakers in Parliament. Conservatives answer that the design is to meet an emergency, that, with the high wages prevailing in Canada, it is difficult, if not impossible, to obtain naval recruits, that the provision for constructing minor war vessels in the Dominion ensures the establishment of local shipbuilding industries, that years must elapse before an effective Canadian navy can be created, that in the meantime the Dominion, save by the policy to which the Government has committed itself, cannot be a material factor in the defence of the common Empire, and that there can be neither tribute nor Imperial compulsion in any proposal which is submitted by the Government of Canada to the sovereign Parliament of its people.

In various Liberal journals it is suggested that the Opposition should continue the debate until the Government is forced to dissolve Parliament and appeal to the constituencies, or, failing the success of obstructive measures in the Commons, that the naval proposals should be rejected by the Liberal majority of the Senate. There is, however, no prospect that obstruction in the Commons can succeed, nor is it likely that the Senate will go the length of rejection. In any event the Government will not dissolve Parliament. Mr Borden contends that he is under no pledge to submit emergency naval proposals to the people. He insists that he is acting in strict conformity with his course in Opposition. He admits his obligation to take the judgment of the country on a permanent naval programme, and declares unequivocally that this obligation will be respected. It is doubtful if the country is affected by the argument that the emergency proposals involve tribute or infringe upon Canadian autonomy, and it is certain that the people are not impressed by the contention of some Conservative newspapers that to establish a Canadian navy is a dangerous



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preparation for political independence. The farmers' organizations of Ontario and of the western provinces have joined with the extreme Nationalists of Quebec in denouncing naval appropriations and in demanding a plebiscite, but it cannot be doubted that however opinion may be divided between the proposals of the Government and those of the Opposition the overwhelming feeling of the country favours some speedy and adequate action by Parliament to strengthen the sea defences of Canada and the Empire, and there is probably some impatience and some resentment over the resistance which has been offered to Mr Borden's proposals and the more extreme criticisms to which these proposals have been subjected.

### II. WESTERN VIEWS OF THE PANAMA CANAL

IN common with the Pacific ports of the United States, the trading centres of British Columbia look for a large increase in commerce by this short route between the oceans. Before the transcontinental railways were built, a considerable trade was maintained by way of Cape Horn. Even yet sailing vessels loading with lumber for Europe may usually be found in the port of Vancouver. It is calculated that on the shorter run to Europe through the Panama Canal, the export grain crop of Alberta, and part of the produce of western Saskatchewan, together with British Columbian exports, will go to Europe by way of the Pacific ports rather than by the longer rail haul and shorter ocean journey by Montreal or St John. In winter, when the Great Lakes and canals are closed, and the whole journey from the prairie to the Canadian winter port is made by rail, the Pacific route will have a greater advantage. This aspect of the matter has been well put by the Hon. Wallace Nesbitt, K.C.:

## Western Views of the Panama Canal

To Canadians, although engaged at the moment to the last ounce of their energy in developing their own country, it seems to me that the canal is fraught with the greatest possibilities. I am assuming, I believe rightly, that the suggestion that has been made that wheat cannot be shipped from Vancouver to Liverpool, *via* the Panama, because of its necessary passage through a tropical climate, is not correct, but that the shipment of wheat is quite feasible. The Canal will mean, from Moosejaw west, practically a saving of from 12 cents to 15 cents a bushel on wheat. We have only about one-tenth of the land capable of wheat-raising now under cultivation. . . . Suppose the advantage from the Canal is 10 cents a bushel, and that there is an average of fifteen bushels to the acre. It means \$1.50 per acre per annum for every acre under cultivation. It means such an impetus given to the Canadian wheatfields that the railways will be far more than recompensed for any loss they may sustain in the carriage of grain by the small package freight and by the increase of earnings by density of population.

The commercial arrangements recently made between Canada and the British West Indies will probably encourage a direct trade between western Canada and these islands by way of the Canal. Western Canada now obtains its semi-tropical supplies mainly from California. It may be found, however, that the larger part of the Canadian trade through the Canal will be the exchange of produce between Atlantic and Pacific ports.

Nowhere has the course of the Panama Canal Bill in the United States Congress been followed with more concern than in British Columbia. British Columbia, and Canada as a whole, would suffer materially from any discrimination, especially against Canadian vessels in the coasting trade. Canadians are the only people who, in competing with American ships for the trade to American ports, are not seriously handicapped by the additional length of voyage. When the Canal is completed, competition between ships from New York to San Francisco and ships from Montreal to the same port may be expected. The result of exempting American coasting vessels from canal tolls may make it cheaper to ship goods by rail to New York and thence in an American exempted vessel to San Francisco, than to ship

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them from Montreal to the same port in a Canadian vessel. And the discrimination may stand in the way even of Canadian vessels trading between Canadian ports, since, if the tolls are heavy, it may pay, instead of shipping in a Canadian vessel from Montreal to Vancouver direct, to ship by rail in bond to Boston or New York, thence by an American exempted vessel to Seattle, and then again by rail to Vancouver. That competition between American coastwise ships and Canadian ships does and will exist has been admitted by Senator Lodge himself. At page 11094 of the *Congressional Record* he is reported as saying:

It (i.e. the exemption of American coastwise vessels from tolls) would be a discrimination against the Canadian traffic, which is at the bottom of the whole difficulty that has been raised, through the Canal from one Canadian port to another. You give the advantage to the American coasting trade, which can take at Portland or Boston or any near point to the Canadian frontier, through goods, sent under bond, and carry them through the canal and land them at a point on our western coast, where they can again go under bond to Vancouver; and thereby the American coasting trade is at once given, by being free of tolls, an advantage as against the Canadian trade. That is the bottom of all this trouble.

While the argument which Sir Edward Grey presented in his dispatch to the United States seems to cover the rest of the ground well, it is thought here defective in its treatment of the coasting trade. President Taft claimed that no grievance could arise from the exemption of coasting ships since the coasting trade of the United States was a national monopoly. Sir Edward's reply, showing that exemption of this traffic would involve higher tolls for sea-going ships, and that the coasting transit might be part of the longer competitive transport to a foreign country, was to the point. He should have shown, however, that the assertion that American vessels have the monopoly of coasting trade through the Canal is not well founded. In reality, all the traffic between eastern and western Canada through the Panama Canal is as much coasting trade as that between the Atlantic and



## Western Views of the Panama Canal

Pacific States of the Union. In each case the trade is between ports of the same country, past the coasts of foreign countries, e.g. Mexico and Central American States. There is no distinction between coasting and sea-going trade in the Treaty. If discrimination in trans-oceanic trade would be a violation of the Treaty, so would discrimination between the United States and Canada in the tolls on coasting trade.

Canada, January, 1913.

# AUSTRALIA

## I. FINANCE

**I**N common with the rest of the world, Australia is at present going through a period of financial stringency, and, equally in common with the rest of the world, she is being informed that the tightness of the money market, the increased and increasing rates of interest or discount charged for accommodation, the requirement on the part of the banks for reduction of overdrafts, and many other signs of stringency are all due to some purely local political or financial cause. Extravagant Government expenditure, excessive State borrowing, injudicious labour legislation and other similar causes are advanced with a greater or less degree of plausibility to account wholly for the stringency, without recognition of the fact that for some years there has been the world over an upward tendency in the rate of interest, due to the unparalleled development of material interests in practically all countries, and the consequent demand for capital to finance the movement. Unquestionably, local influences have an important effect on the financial position, whether local or general, but to attribute the higher rates of interest which Australian Governments are now required to pay for accommodation to excessive Government expenditure or excessive State borrowing, or both, and to ignore the fact that a similar increase in rate of interest and consequent fall in the price of stocks have been world-wide, tends to discount the good effect of the lesson which it is intended to teach. The tendency for the









